



BILLING CODE: 3510-DS-P

DEPARTMENT OF COMMERCE

INTERNATIONAL TRADE ADMINISTRATION

(C-580-873)

Non-Oriented Electrical Steel from the Republic of Korea: Preliminary Negative Countervailing Duty Determination, Preliminary Negative Critical Circumstances Determination, and Alignment of Final Countervailing Duty Determination with Final Antidumping Duty Determination

AGENCY: Enforcement and Compliance, formerly Import Administration, International Trade Administration, Department of Commerce

SUMMARY: The Department of Commerce (the Department) preliminarily determines that *de minimis* countervailable subsidies are being provided to producers/exporters of non-oriented electrical steel (NOES) from the Republic of Korea (Korea). The period of investigation is January 1, 2012, through December 31, 2012. Interested parties are invited to comment on this preliminary determination.

EFFECTIVE DATE: Insert date of publication in the *Federal Register*.

FOR FURTHER INFORMATION CONTACT: Joshua Morris or Thomas Schauer, AD/CVD Operations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-1779 and (202) 482-0410, respectively.

SUPPLEMENTARY INFORMATION:

Alignment of Final Countervailing Duty (CVD) Determination with Final Antidumping Duty (AD) Determination

On the same day the Department initiated this CVD investigation, the Department also

initiated AD investigations of NOES from Korea and several other countries.¹ The CVD investigation and the AD investigations cover the same merchandise. On March 11, 2014, in accordance with section 705(a)(1) of the Tariff Act of 1930, as amended (the Act), alignment of the final CVD determination with the final AD determination of NOES from Korea was requested by AK Steel Corporation (Petitioner). Therefore, in accordance with section 705(a)(1) of the Act and 19 CFR 351.210(b)(4), we are aligning the final CVD determination with the final AD determination. Consequently, the final CVD determination will be issued on the same date as the final AD determination, which is currently scheduled to be issued no later than July 29, 2014, unless postponed.

Scope of the Investigation

The merchandise subject to this investigation consists of NOES, which includes cold-rolled, flat-rolled, alloy steel products, whether or not in coils, regardless of width, having an actual thickness of 0.20 mm or more, in which the core loss is substantially equal in any direction of magnetization in the plane of the material. For a complete description of the scope of the investigation, *see* Appendix 1 to this notice.

Methodology

The Department is conducting this CVD investigation in accordance with section 701 of the Act. For a full description of the methodology underlying our preliminary conclusions, *see* the Preliminary Decision Memorandum.² The Preliminary Decision Memorandum is a public document and is on file electronically *via* Enforcement and Compliance's Antidumping and

¹ *See Non-Oriented Electrical Steel From the People's Republic of China, Germany, Japan, the Republic of Korea, Sweden, and Taiwan: Initiation of Antidumping Duty Investigations*, 78 FR 69041 (November 18, 2013).

² *See* Memorandum from Christian Marsh, Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, to Paul Piquado, Assistant Secretary for Enforcement and Compliance, regarding "Decision Memorandum for the Preliminary Determination in the Countervailing Duty Investigation of Non-Oriented Electrical Steel from the Republic of Korea" dated concurrently with this notice (Preliminary Decision Memorandum).

Countervailing Duty Centralized Electronic Service System (IA ACCESS). IA ACCESS is available to registered users at <http://iaaccess.trade.gov>, and is available to all parties in the Central Records Unit, room 7046 of the main Department of Commerce building. In addition, a complete version of the Preliminary Decision Memorandum can be accessed directly on the Internet at <http://enforcement.trade.gov/frn/>. The signed Preliminary Decision Memorandum and the electronic versions of the Preliminary Decision Memorandum are identical in content.

Critical Circumstances

On February 25, 2014, Petitioner alleged that critical circumstances exist with respect to imports of NOES from Korea. In accordance with 19 CFR 351.206(c)(2)(i), because Petitioner submitted a critical circumstances allegation more than 20 days before the scheduled date of the preliminary determination, the Department must issue a preliminary critical circumstances determination not later than the date of the preliminary determination.³

We preliminarily determine that critical circumstances do not exist with respect to POSCO, Daewoo International Corporation (DWI), and all other producers/exporters. For a full discussion of our preliminary critical circumstances determination, *see* the “Critical Circumstances” section of the Preliminary Decision Memorandum.

Preliminary Determination and Suspension of Liquidation

For the reasons explained in the Preliminary Decision Memorandum,⁴ DWI and POSCO have been found preliminarily to be cross-owned under the Department’s regulations, and are therefore being investigated as one entity which has received a combined subsidy rate. Thus, in accordance with section 703(d)(1)(A)(i) of the Act, we have calculated an estimated countervailable subsidy rate for POSCO/DWI. Further, because POSCO/DWI is the only entity

³ *See, e.g., Change in Policy Regarding Timing of Issuance of Critical Circumstances Determinations*, 63 FR 55364 (October 15, 1998).

⁴ *See* “Subsidies Valuation – Attribution of Subsidies.”

for which a rate has been calculated, we are also assigning that rate to all other producers and exporters of NOES from Korea.⁵

We preliminarily determine the countervailable subsidy rates to be:

Company	Subsidy Rate
POSCO; Daewoo International Corporation	0.59 percent (<i>de minimis</i>)
All Others	0.59 percent (<i>de minimis</i>)

Because we have preliminarily determined that the CVD rates in this investigation are *de minimis*, we will not direct U.S. Customs and Border Protection to suspend liquidation of entries of subject merchandise.

Disclosure and Public Comment

The Department intends to disclose to interested parties the calculations performed in connection with this preliminary determination within five days of announcement of its public announcement.⁶ Interested parties may submit case and rebuttal briefs, as well as request a hearing.⁷ For a schedule of the deadlines for filing case briefs, rebuttal briefs, and hearing requests, *see* the Preliminary Decision Memorandum.

⁵ See Section 703(d)(1)(A) of the Act.

⁶ See 19 CFR 351.224(b).

⁷ See 19 CFR 351.309(c)-(d), 19 CFR 351.310(c).

This determination is issued and published pursuant to sections 703(f) and 777(i) of the Act.

Paul Piquado
Assistant Secretary
for Enforcement and Compliance

March 18, 2014
Date

Appendix 1

Scope of the Investigation

The merchandise subject to this investigation consists of non-oriented electrical steel (NOES), which includes cold-rolled, flat-rolled, alloy steel products, whether or not in coils, regardless of width, having an actual thickness of 0.20 mm or more, in which the core loss is substantially equal in any direction of magnetization in the plane of the material. The term “substantially equal” in the prior sentence means that the cross grain direction of core loss is no more than 1.5 times the straight grain direction (*i.e.*, the rolling direction) of core loss. NOES has a magnetic permeability that does not exceed 1.65 Tesla when tested at a field of 800 A/m (equivalent to 10 Oersteds) along (*i.e.*, parallel to) the rolling direction of the sheet (*i.e.*, B800 value). NOES contains by weight at least 1.25 percent of silicon but less than 3.5 percent of silicon, not more than 0.08 percent of carbon, and not more than 1.5 percent of aluminum.

NOES is subject to this investigation whether it is fully processed (fully annealed to develop final magnetic properties) or semi-processed (finished to final thickness and physical form but not fully annealed to develop final magnetic properties); whether or not it is coated (*e.g.*, with enamel, varnish, natural oxide surface, chemically treated or phosphate surface, or other non-metallic materials). Fully processed NOES is typically made to the requirements of ASTM specification A 677, Japanese Industrial Standards (JIS) specification C 2552, and/or International Electrotechnical Commission (IEC) specification 60404-8-4. Semi-processed NOES is typically made to the requirements of ASTM specification A 683. However, the scope of this investigation is not limited to merchandise meeting the specifications noted above.

NOES is sometimes referred to as cold-rolled non-oriented electrical steel (CRNO), non-grain oriented (NGO), non-oriented (NO), or cold-rolled non-grain oriented (CRNGO). These terms are interchangeable.

The subject merchandise is provided for in subheadings 7225.19.0000, 7226.19.1000, and 7226.19.9000 of the Harmonized Tariff Schedule of the United States (HTSUS). Subject merchandise may also be entered under subheadings 7225.50.8085, 7225.99.0090, 7226.92.5000, 7226.92.7050, 7226.92.8050, 7226.99.0180 of the HTSUS. Although HTSUS subheadings are provided for convenience and customs purposes, the written description of the scope is dispositive.

Appendix 2

List of Topics Discussed in the Preliminary Decision Memorandum

1. Summary
2. Background
3. Critical Circumstances
4. Scope Comments
5. Scope of the Investigation
6. Injury Test
7. Subsidies Valuation
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12. Conclusion

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